# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	)	
	)	
Alascom Petition for Waiver	)	WC Docket No. 03-18
of Commission's Rules	)	
Regarding its Annual Tariff	)	
F.C.C. No. 11	)	

# GENERAL COMMUNICATION, INC. OPPOSITION TO PETITION FOR WAIVER

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### **SUMMARY**

Alascom seeks a waiver of the requirement that it file an annual revision to its Tariff F.C.C. No. 11. Alascom claims that it lacks the necessary traffic data to file the 2003 annual revision and that the Cost Allocation Plan used to calculate the Tariff 11 rates is burdensome to use and out of date. Alascom's Waiver Petition should be denied, and Alascom should be sanctioned.

Alascom knew more than a year ago that it had a problem collecting certain traffic data that it claims is necessary to develop the rates, but it never informed the Commission. When the time came for the Tariff 11 filing to be made Alascom submitted a vague and uninformative "statement." Its later Waiver Petition, while raising troubling questions about the true nature of the Cost Allocation Plan, did not support its request to be relieved of the tariff filing requirement.

The Commission should require Alascom to file a Tariff 11 revision as described herein, impose sanctions, and immediately activate the longstanding investigation of Alascom's Tariff 11 rates.

## **TABLE OF CONTENTS**

			Page
I.	BACE	KGROUND	2
II.		SCOM SHOULD NOT RECEIVE A WAIVER, IT SHOULD RECEIVE A	10
	A.	Alascom's Missing Data Claim Does Not Justify Its Failure To File Tariff Revisions	11
	B.	The Alleged Obsolescence Of The Cost Allocation Plan Does Not Justify Alascom's Default With Regard To Its Tariff 11 Filing Obligation	14
III.	REQU	JESTED RELIEF	16
	A.	The Commission Should Take Quick Action in the Waiver Proceeding to Preserve the Integrity of Tariff 11 by Denying the Waiver Petition, Imposing a Fine, and Requiring Alascom to Demonstrate Continued Compliance with the Market Structure Order	17
	B.	The Commission Should Immediately Prosecute the Tariff 11 Investigation to Initialize Rates and Implement Price Cap Regulation for AT&T /Alascom	21
IV.	CON	CLUSION	22

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General Communication, Inc. ("GCI") by its attorneys hereby opposes the Petition for Waiver filed by Alascom, Inc. ("Alascom") in the above captioned proceeding on January 7, 2003 (the "Waiver Petition"). For the reasons set forth below, the Commission should deny the Waiver Petition and should impose a forfeiture upon Alascom for failure to comply with express tariff filing requirements of applicable Commission orders and Section 61.58(e)(3) of the Rules.

In its Waiver Petition, Alascom seeks to be excused from filing the annual revision to Tariff 11 under which it provides common carrier services to locations in Alaska, including the Bush. Although Alascom knew over a year ago that it had difficulty compiling the traffic data for its 2003 tariff filing, it concealed this fact from the Commission and instead opted to ignore the annual tariff filing requirement by submitting a vague "Statement" instead. When GCI called this matter to the Commission's attention, the Commission directed Alascom to seek a waiver if it was not prepared to comply with the filing requirement.

Alascom's Waiver Petition confirms that it has no reasonable excuse for failing to file the required annual tariff. To the extent that Alascom believes that the Cost Allocation Plan ("CAP") underlying the tariff filing needs to be changed, it could have identified, developed and proposed changes in the CAP to the Commission for consideration and public review at any

time. However, a purported last minute<sup>1</sup> desire to update the CAP does not provide an excuse for failing to file the required annual revision to the tariff. For these reasons, Alascom should be sanctioned, and it should be required to file a Tariff 11 revision as described herein.

### I. BACKGROUND

Tariff 11 is a carrier's carrier tariff filed by Alascom to provide a means for all interexchange carriers, including Alascom's parent, AT&T, to send calls throughout Alaska, including to and from the 168 Alaska Bush communities where Alascom retains a legal service monopoly.<sup>2</sup> Because there is no other way for carriers other than Alascom to reach the Bush locations, and to avoid the obvious potential for discrimination by Alascom in favor of its owner AT&T over other carriers, Alascom has been required to file, and annually revise, its Tariff 11, providing for origination and termination of long distance traffic to Alaska.

Pursuant to Commission and Alaska Federal-State Joint Board (the "Joint Board") directives, the rates for these Tariff 11 services are to be cost-based and must be revised annually so that they reflect current costs. Two years ago, Alascom sought to escape the Tariff 11 filing requirement. However, the Commission has not acted on that request. Alascom's failure to file its Tariff 11 revision for 2003 thus amounts to a self-help grant of its request and is a clear violation of applicable Commission orders and rules.

The Tariff 11 filing requirement is an outgrowth of a long-standing Alaska market structure proceeding that sought to resolve the discriminatory structure under which long distance services were provided in Alaska. Prior to 1995, Alascom and AT&T, which were then separate companies, provided long distance services to and from Alaska under a so-called "Joint Services Arrangement" ("JSA"). The terms of this JSA resulted in a massive subsidy to

<sup>&</sup>lt;sup>1</sup> Alascom did not identify a need to change the CAP in its November 27, 2002 Statement and yet the purported obsolescence of the CAP is the centerpiece of its January 7, 2003 Waiver Petition.

Alascom which was highly discriminatory because the terms were not available to any other carrier.<sup>3</sup> Alascom sought to justify this discriminatory structure for many years by contending that the Alaska Bush was uniquely expensive to serve. Incongruously, Alascom also argued for many years that only it should be permitted to serve the Alaska Bush. Thus, for over twenty years, Alascom has been the only carrier legally permitted to provide long distance voice services to most of the Alaska Bush.<sup>4</sup>

Because of the highly discriminatory character of the JSA, the Joint Board recommended in 1993 that the JSA should be replaced by a new structure under which Alascom would provide origination and termination of long distance traffic to Alaska pursuant to tariff.<sup>5</sup> The Commission agreed and directed that AT&T, which was then a separate company, along with all other IXCs acquire access to Alaska network for the first time on nondiscriminatory terms.<sup>6</sup> The

<sup>&</sup>lt;sup>2</sup> These 168 communities are listed in Exhibit 1.

<sup>&</sup>lt;sup>3</sup> Under the JSA, Alascom and AT&T provided Alaska Services jointly, pooling their respective costs and revenues. This resulted in a massive and discriminatory subsidy to Alascom which was not available to any competing long distance carrier.

<sup>&</sup>lt;sup>4</sup> Alascom's Alaska Bush monopoly originally covered more than two hundred rural Alaska communities. In 1996, GCI was granted a temporary partial waiver of the Bush monopoly policy to construct competitive facilities in fifty of these communities. GCI did so, providing modern efficient technology for the first time to residents of those Bush communities. GCI provides these services only under a grant of special temporary authority, because the Commission has still not acted on GCI's Petition for Rulemaking filed in 1990 requesting that the Alaska Bush monopoly rule be abolished, notwithstanding the fact the Regulatory Commission of Alaska acted in 2000 to eliminate its own version of the Bush monopoly rule. Consideration of the Reform of Intrastate Telecommunications Market Structure and Regulations 2 Alaska, Order Lifting the Restriction on Construction of Interexchange Facilities in Rural Areas, Order No. 6, Docket R-98-1 (Nov. 20, 2000).

<sup>&</sup>lt;sup>5</sup> Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States of Alaska, Hawaii, Puerto Rico and the Virgin Islands, Final Recommended Decision, 9 FCC Rcd 2197 (Jt. Bd. 1993) ("Final Recommended Decision").

<sup>&</sup>lt;sup>6</sup> Integration of Rates and Services for the Provision of Communications by Authorized Common Carriers between the Contiguous States of Alaska, Hawaii, Puerto Rico and the Virgin Island, Memorandum Opinion and Order, 9 FCC Rcd 3023 (1994) ("Market Structure Order").

Commission also required that Alascom develop a Cost Allocation Plan ("CAP"), which would be used to calculate the rates under which its Tariff 11 services would be provided.<sup>7</sup>

The first CAP filed by Alascom on August 29, 1994 was, and apparently remains, controversial. Although the cost model underlying the CAP was never revealed to any interested party, and thus meaningful review was significantly frustrated, the Commission did order certain changes in the CAP as a result of comments filed by GCI, AT&T and MCI.<sup>8</sup> Alascom filed a revised plan on July 3, 1995, which was approved by the Commission in an order released September 11, 1995.<sup>9</sup>

On December 15, 1994, before the revised CAP was filed and before the first Tariff 11 filing was made, AT&T and Alascom filed an application with the FCC seeking approval for the transfer of control of Alascom to AT&T. In support of their application, AT&T and Alascom represented to the Commission that the transfer of control would not alter outstanding Tariff 11 and related requirements. The acquisition was approved on August 2, 1995 and closed on August 7, 1995. In approving the Alascom acquisition, the Commission carried over and applied to AT&T and its new affiliate AT&T/Alascom all of the Tariff 11 regulatory requirements which had been adopted for Alascom as a separate company. As the Commission noted in approving the application:

Applicants assert that their proposed transfer is in conformity with these requirements of the <u>Market Structure Order</u>. Applicants state that they seek no material modifications of the <u>Market Structure Order</u> and that Alascom, under

<sup>&</sup>lt;sup>7</sup> Id.

<sup>&</sup>lt;sup>8</sup> Alascom Inc., Cost Allocation Plan for the Separation of Bush and Non-Bush Costs, Order, 10 FCC Rcd 4963 (1995).

<sup>&</sup>lt;sup>9</sup> Alascom Inc., Cost Allocation Plan for the Separation of Bush and Non-Bush Costs, Order, 10 FCC Rcd 9823 (1995).

<sup>&</sup>lt;sup>10</sup> Application of Alascom, Inc., AT&T Corporation and Pacific Telecom, Inc., Order and Authorization, 11 FCC Rcd 732 (1995) ("Alascom Transfer Order").

new ownership as "AT&T/Alascom," will continue to exist as separate subsidiary of AT&T with no change in corporate, legal or regulatory status.

On October 10, 1995, GCI filed a "Petition to Reject, or in the Alternative to Suspend and Investigate" the tariff filing. GCI noted that the Joint Board had required that Alascom provide its Tariff 11 services in accordance with a two-zone rate plan, one zone for the Alaska Bush and one zone for other areas in Alaska. Because Alascom enjoys a monopoly of Bush services while facing competition elsewhere, GCI expressed concern that the incentives produced by these competitive conditions could cause Alascom to misallocate costs from non-Bush areas to Bush areas. Many of the defects noted by GCI in the tariff filing relate to this two-zone problem. For example, although the same switching facilities are used to provide Bush and non-Bush services — and thus the costs of switching to serve Bush and non-Bush areas are the same — Alascom filed a Bush switching rate almost double that of the non-Bush switching rate. In addition, contrary to precedent regarding the definition of Alaska Bush locations, the Tariff characterized locations as Bush and non-Bush not based upon location-specific characteristics, but upon the presence or absence of a competitor.

These and other defects led the Common Carrier Bureau to conclude that:

the questions that GCI has raised about the cost support that Alascom has provided for the rates in this transmittal require further investigation. Moreover, the Bureau identified certain terms and conditions in the tariff that may be inconsistent with the requirements of the Communications Act, Commission Rules or Commission Orders.<sup>12</sup>

The Commission suspended the tariff and set it for investigation. Every subsequent Tariff 11 annual filing has been suspended and included in the Commission's ongoing investigation.

Unfortunately, this investigation has yet to be actively prosecuted by the Commission.

<sup>&</sup>lt;sup>11</sup> Id. at 741.

Almost three years ago — and only four and one-half years after its first Tariff 11 filing — Alascom apparently concluded that it had grown weary of the Tariff 11 process. At that time, notwithstanding the representations made when AT&T acquired Alascom in 1995 and notwithstanding Alascom's continued Bush monopoly, Alascom proposed that it be relieved from its Tariff 11 filing requirements, claiming that "circumstances are far different today from what prevailed the last time the Commission thoroughly examined the Alaska market in the late 1980s and early 1990s." GCI opposed the AT&T-Alascom petition because nothing had changed with regard to the conditions under which Bush services are provided that would ameliorate the effects of the Alascom monopoly. Even today it is legally impermissible for GCI to provide ordinary voice long distance services to the residents of 168 communities in rural Alaska. Nowhere else in the United States are such services legally prohibited. In fact, GCI has been waiting for over ten years for the Commission to grant its petition for rulemaking to eliminate the Alaska Bush monopoly. This has never happened and because the Alaska Bush remains a legally-sanctioned Alascom monopoly, Tariff 11 must still be required. In fact, and the provide of the conditions are required.

Although the Commission has not granted Alascom's request to eliminate the Tariff 11 filing requirement, Alascom has now engaged in an audacious exercise in self-help. It has simply stopped filing required revisions to Tariff 11 in direct violation of Commission orders in

<sup>&</sup>lt;sup>12</sup> Alascom, Inc. Tariff F.C.C. No. 11, Transmittal No. 790, 11 FCC Rcd 3703 (Com. Car. Bur. 1995).

<sup>&</sup>lt;sup>13</sup> Petition for Elimination of Conditions, CC Docket No. 00-46 (Mar. 10, 2000) at 4.

<sup>&</sup>lt;sup>14</sup> <u>See</u> Opposition of General Communication, Inc., CC Docket No. 00-96 (filed Apr. 17, 2000) (incorporated herein by reference).

<sup>&</sup>lt;sup>15</sup> <u>See</u> GCI Petition for Rulemaking, RM-7246 (filed Jan. 10, 1990). <u>See also Policy for Licensing Domestic Satellite Earth Stations in the Bush Communities of Alaska</u>, IB Docket No. 02-30, RM-7246, <u>Notice of Proposed Rulemaking</u>, FCC 02-37 (rel. Feb. 15, 2002).

<sup>&</sup>lt;sup>16</sup> It should also be noted that this <u>de jure</u> monopoly will continue to exist as a <u>de facto</u> monopoly for some period of time even if the restriction is finally eliminated.

the Alaska market structure proceeding, and the proceedings on the acquisition of Alascom and AT&T's reclassification as a non-dominant carrier.

Over a year ago, for reasons that remain unclear despite Alascom's attempt to explain them, Alascom now reveals that it discontinued compiling the traffic data apparently needed to perform its Tariff 11 calculations.<sup>17</sup> Apparently, for an eight-month period from October 2001 through July 2002, this traffic data was not collected.<sup>18</sup> Alascom further claims that the missing data "cannot feasibly be retrieved from back-up databases," although it does not describe its efforts undertaken in this regard. Alascom also considered "extrapolating" the necessary data from the last four months of 2002 but rejected the idea.<sup>19</sup> Then in November 2002, instead of making its annual Tariff 11 filing as required, Alascom simply filed a "Statement" with the Commission containing only a single carefully crafted sentence explaining its failure to file.

After review of the available data, at this time Alascom is unable to determine whether changes to its investments, expenses and operations since submission of its most recent rate revision to Tariff 11 would be sufficient to warrant rate revisions now for 2003.<sup>20</sup>

GCI protested Alascom's effort to disregard its obligations, and Alascom was moved to file the instant Waiver Petition.

The Waiver Petition, and particularly the expert statement accompanying it, is truly startling in its concessions regarding the extensive infirmities of the CAP process. The expert

<sup>&</sup>lt;sup>17</sup> Waiver Petition at ¶ 8.

<sup>18</sup> TA

<sup>&</sup>lt;sup>19</sup> The months August through December encompass five months.

<sup>&</sup>lt;sup>20</sup> Statement of Alascom, Inc., CC Docket 85-182 (filed November 27, 2002). This is the only substantive claim made in the Alascom statement. Given the later disclosures in the Waiver Petition this statement is both misleading and confusing. Importantly, it fails to disclose what Alascom means by the claim that it was "unable to determine whether changes . . . would warrant rate revision." To the extent this was caused by Alascom's failure to keep records of traffic it should have disclosed this fact. On the other hand, it may be related to the extensive hard coding of parameters such as investment and expenses. If so, it is questionable how Alascom could *ever* determine whether changes in these factors would warrant rate revisions.

statement provides to outside parties for the first time a glimpse of the workings of the model underlying the CAP. Because GCI was denied the opportunity to review the model when the CAP was submitted for Commission review and approval, GCI has never before known how questionable many of the CAP's features truly are.<sup>21</sup> The expert statement discloses for the first time that many of the parameters in the CAP, which one would expect to vary over time, are in fact hard coded into the CAP. In various places, the experts indicate that investment is hard coded,<sup>22</sup> expenses are hard coded,<sup>23</sup> and dial equipment minutes<sup>24</sup> (i.e., the allocation factors) are all apparently hard coded. This is bizarre to say the least, but it makes understandable the experts' claim that the "allocations" in the CAP are "increasingly out of date."

Alascom, now owned by AT&T, attempts to disown responsibility for the workings of the CAP. It suggests that the CAP was prepared by consultants hired by the former owner and for that reason, although AT&T-owned Alascom has made all of the Tariff 11 filings, it should absolved of responsibility for the CAP's workings. In considering Alascom's attempt to escape responsibility for what may be essentially a fraudulent cost allocation process, GCI invites the Commission to recall GCI's October 1995 opposition to the first Tariff 11 filing.

The Alascom Tariff filing was originally due September 1, 1995. Apparently, prior to the August 7th closing [of the AT&T purchase of Alascom] Alascom had not shared the details of its Cost Allocation Plan with AT&T. Thus, between the date of closing and the date of Tariff filing AT&T had three weeks to review and validate the Alascom Plan and Tariff. AT&T was unable to do this and on August 24, 1995 requested a three-week extension of time to file the Tariff indicating that "the model PTI Alascom developed is highly complex, consisting of

<sup>&</sup>lt;sup>21</sup> The Commission denied GCI's FOIA request for the documents underlying the CAP. <u>General Communication Inc.</u>, Request for Inspection of Records, 12 FCC Rcd 8484 (1997). Whatever the Commission does in response to the Waiver Request, it must immediately order Alascom to provide the CAP model to all interested parties. Failure to do so, in light of the disclosures made in the expert statement, would be a denial of fundamental due process.

<sup>&</sup>lt;sup>22</sup> Waiver Petition, Declaration of John C. Klick and Julie A. Murphy at ¶ 14 ("Klick/Murphy Declaration").

<sup>&</sup>lt;sup>23</sup> Id.

<sup>&</sup>lt;sup>24</sup> Id. at ¶ 30.

approximately ten tables, each of which requires about 16,000 inputs, many of which must be made manually." (footnote omitted). GCI supported AT&T's request on the condition that "AT&T share with the Commission and parties the complete Alascom Plan and inputs which it currently intends to employ."

While AT&T was given the additional time it requested, AT&T does not appear to have met with any success in analyzing, understanding or correcting the Alascom Cost Allocation Plan and Tariff. Indeed it appears that AT&T simply gave up and filed a Tariff based upon a plan apparently crafted by a predecessor Alascom to produce extreme and anti-competitive results. There are number anomalies, nonsensical outcomes and obvious errors in the Alascom filing. As GCI said in opposing the second Alascom Cost Allocation Plan, it is surprising that AT&T would be willing to put its name and reputation behind a product produced not by AT&T but by a pre-acquisition Alascom with its long history of anti-competitive intent and manipulated result. Yet that is exactly what has occurred.<sup>25</sup>

Now Alascom would have the Commission believe that since 1995, AT&T and Alascom have never "looked under the hood" to see how the CAP worked, but continued to recalculate the Tariff 11 rates every year using a CAP they did not understand. Alascom would now have the Commission believe that it never in those eight years reviewed the workings of the CAP and because of this extraordinary disregard for its obligations as a carrier filing tariffs with the Commission should be absolved of responsibility for any errors in the CAP and any anomalous results produced.

Alascom's position is truly outrageous. Although AT&T-owned Alascom may have inherited the CAP in 1995, AT&T, with resources vastly superior to those of Alascom, could have analyzed the CAP at any time and could have proposed any revisions it deemed appropriate. It is certainly not as if AT&T had no reason to suspect the CAP might be problematic. AT&T itself objected to the first version of Alascom's CAP before AT&T decided to buy Alascom. And GCI and ATU-LD repeatedly protested the Tariff 11 rates produced by the CAP. Yet neither these protests, nor the fact that Alascom did not share the model with AT&T

<sup>&</sup>lt;sup>25</sup> Petition of General Communication, Inc. against Alascom Transmittal No. 790, CC Docket No. 95-182 (filed Oct. 10, 1995) at 4, 5 (emphasis added).

until the closing of the sale, nor AT&T's own early suspicions led AT&T/Alascom to question whether the CAP worked as it should. Because Alascom has made all of the Tariff 11 filings using the CAP under AT&T ownership, Alascom bears complete responsibility for the workings of the CAP including any false or inappropriate results produced by practices such as extensive hard coding which may have been used to contrive a preconceived outcome. As described below, in no event should Alascom be granted a waiver based on this pattern of behavior. Instead, it should be sanctioned.

# II. ALASCOM SHOULD NOT RECEIVE A WAIVER, IT SHOULD RECEIVE A FINE

Alascom requests a waiver of the requirement that it make annual revisions to its Tariff

11. The Commission should deny Alascom's request and instead impose a fine. Alascom's arguments and excuses offered in support of its waiver petition fall into two general categories.

First, Alascom sets forth its "dog ate my homework" claims, which have to do with Alascom's failure over the period from October 2001 until July 2002 to compile certain traffic data it claims to need<sup>26</sup> in computing its Tariff 11 rates.

Alascom's second set of arguments and excuses fall under its "Rip Van Winkle theory." This set of arguments suggests that after repeatedly filing the Tariff 11 rates over a period of eight years, Alascom suddenly awakened and realized that the CAP used to calculate those rates is fundamentally defective. These arguments are cast in terms of obsolescence, referring to changes in the general marketplace and the nature of traffic that are actually beside the point because the CAP has apparently *always* been defective. While the CAP may need to be revised, this in no way absolves Alascom of its failure to make timely Tariff 11 revisions, nor does it

<sup>&</sup>lt;sup>26</sup> Given the hard coding of dial equipment minutes in the CAP, GCI is curious as to how this traffic data is actually used.

justify Alascom making this belated claim in an attempt to force the Commission by *fait* accompli to leave last years' Tariff 11 in place.

# A. Alascom's Missing Data Claim Does Not Justify Its Failure To File Tariff Revisions

Alascom reveals that over a year ago, an unnamed employee (referred to in this filing as "Waldo") retired from the company, taking with him all knowledge of how to collect the traffic data needed to calculate the Tariff 11 rates.<sup>27</sup> Although AT&T itself is more than a hundred years old and has obviously faced the problem of transferring the expertise of a retiring employee to a new one literally millions of times, apparently Alascom failed to do this when Waldo retired. Following Waldo's retirement, Alascom suggests that it struggled to determine how to compile the traffic data it needed but could not do so from October 2001 through July 2002. Alascom rehired Waldo in July 2002 and apparently the traffic data is available from August 2002 forward.<sup>29</sup>

Importantly, although Alascom recognized over a year ago that it had a potential traffic data collection problem that could compromise its ability to make a timely Tariff 11 filing, it never informed the Commission of this issue. Nor, to GCI's knowledge, did it inform any interested party. Instead, Alascom simply concealed this fact from the Commission by filing in lieu of the required Tariff 11 revision a carefully couched "Statement" declaring that it was "unable to determine" whether to make rate revisions. This slight of hand was unsuccessful because the Commission then informed Alascom that this course of action was improper in the absence of a granted waiver.

<sup>&</sup>lt;sup>27</sup> Klick/Murphy Declaration at ¶¶ 9 and 10.

<sup>&</sup>lt;sup>28</sup> Waiver Petition at ¶ 9.

<sup>&</sup>lt;sup>29</sup> <u>Id.</u>

The missing seven months of traffic data is the only *missing* information Alascom claims it needed in order to compute its annual Tariff 11 rates in a manner consistent with the filings it has made for the past eight years. Nowhere does Alascom explain why it could not simply annualize the data it has or compute results with last year's traffic data and this year's investment and expense — to the extent changes in those factors actually make any difference. Indeed, there is almost no discussion of any alternative other than simply declining to file the tariff — Alascom's apparently pre-conceived strategy.

Not only is Alascom's excuse for failing to compile the traffic data thin, it is not clear that it is even correct. As discussed in the attached statement of John Leahy, an expert in traffic analysis and billing, the traffic records for calls on Alascom's network should be available.<sup>30</sup> In addition, these records should include call-by-call detail with the originating and terminating numbers of each call. These records can be sorted to obtain volumes for Bush, non-Bush, interstate and intrastate calling, to the extent these data are actually used by the CAP in developing rates. It is highly unlikely that the only person within AT&T's corporate structure who understands how to extract this kind of information from Call Detail Records ("CDRs") is a recently retired and rehired employee of AT&T's Alascom subsidiary.

Even if Waldo is the only one who knows how to extract these records, he is not the only one who has such records. It is GCI's understanding that Tariff 11 billing is outsourced to a company called CDG, which would use CDRs from Alascom's switch in order to generate the bills for Tariff 11 usage.<sup>31</sup> There is no indication in the Waiver Petition whether Alascom has even inquired of CDG whether it can provide the missing records, or substitute records that could

<sup>&</sup>lt;sup>30</sup> See Statement of John Leahy (attached hereto as Exhibit 2).

<sup>&</sup>lt;sup>31</sup> According to the CDG website, its "comprehensive system design provides audit trails for tracking messages and minutes." http://www.cdg.hargray.com/pages/carrier access.html (attached hereto as Exhibit 3).

be used in calculating the Tariff 11 rates. GCI received bills for all of the months covered by the period for which Alascom apparently did not compile traffic records. CDG must have received CDRs in order to produce these bills and would certainly provide them to Alascom upon request.<sup>32</sup>

Regardless of whether Alascom can obtain the records from CDG it should be fined. The Joint Board recommendation, as adopted by the Commission, requires that Alascom file and revise its Tariff 11 annually. This directive is clear and unambiguous:

ALASCOM MUST FILE common carrier services tariffs for switching and transport for the Bush and non-Bush areas of Alaska and cost support data no later than September 1, 1995 with a scheduled effective date of January 1, 1996.<sup>33</sup>

The tariff must be revised annually as required by Section 61.58(e)(3) of the Rules. The tariff filing requirement was carried over and made applicable to AT&T/Alascom in connection with AT&T's purchase of Alascom. As the Commission noted in approving the sale:

All essential elements of the recommended market transition mechanisms established in the <u>Market Structure Order</u> will be preserved in the Application and Stock Purchase Agreement.<sup>34</sup>

And AT&T itself has conceded the continued applicability of the Tariff 11 filing requirements. When AT&T sought to be reclassified as a non-dominant carrier, it specifically committed to comply with the Tariff 11 requirement.<sup>35</sup> The Commission accepted AT&T's offer and ordered compliance with these commitments in reclassifying AT&T as non-dominant.

We also accept all of the voluntary commitments stated by AT&T in its September 21, 1995 Ex Parte Letter (and clarified in its October 5, 1995 Ex Parte

<sup>&</sup>lt;sup>32</sup> The Commission's rules require that toll billing records be retained for 18 months. <u>See</u> 47 C.F.R. § 42.6. There is also an outstanding Accounting Order in the Tariff 11 investigation which would require Alascom to maintain all of its billing records. <u>See Alascom Inc.</u>, 11 FCC Red 3708.

<sup>&</sup>lt;sup>33</sup> Market Structure Order, 9 FCC Rcd at 3033.

<sup>&</sup>lt;sup>34</sup> Alascom Transfer Order 11 FCC Rcd at 742.

<sup>&</sup>lt;sup>35</sup> See AT&T Ex Parte letter (filed September 21, 1995) and AT&T Ex Parte letter (filed October 5, 1995).

Letter) and order AT&T's compliance with those commitments as stated in its letters. We note that AT&T's failure to comply with its commitments may result in the imposition of fines or forfeitures upon AT&T pursuant to Section 503(b) of the Act) or a revocation of its licenses (pursuant to Section 312(a) of the Act). 36

The failure to file an annual revision of Tariff 11 is a direct violation of these Commission orders. Nothing relieved Alascom of the duty to file the Tariff 11 revisions at the time they were due. Instead of making its required Tariff 11 filing, Alascom simply filed a "Statement" concealing the fact that for eight months it failed to collect the data necessary to revise the tariff but never informed the Commission. In approving AT&T's request for reclassification, the Commission specifically stated that AT&T's failure to abide by its commitments could lead to a fine or revocation of licenses. Certainly a fine is justified here.

# B. The Alleged Obsolescence Of The Cost Allocation Plan Does Not Justify Alascom's Default With Regard To Its Tariff 11 Filing Obligation.

Alascom also argues that it should not be required to file revised Tariff 11 rates based on the CAP because it is obsolete. Alascom notes that since the filing of the original CAP, telecommunications markets have changed, cellular penetration has increased, and internet usage has exploded.<sup>37</sup> These observations are irrelevant, yet telling. With respect to changes in the market, Alascom does not explain how *exactly* these changes would affect the CAP results. One would assume that as traffic changes occur they would show up in traffic data of the kind that Alascom failed to compile for eight months. These changes should gradually reflect themselves in the CAP results. Alascom does not explain why this would not occur other than to allude to the apparently extensive use of "hard-coded" data in the model.

<sup>&</sup>lt;sup>36</sup> Motion of AT&T To Be Reclassified As Non-Dominated Carrier, Order on Reconsideration, 12 FCC Rcd 20787, 20806 (1997) (emphasis added).

<sup>&</sup>lt;sup>37</sup> Waiver Petition at 11; Klick/Murphy Declaration at ¶¶ 17-19 (emphasis added).

For example, AT&T/Alascom's consultants cite "a number of 'hard-coded' allocations that evidently are based on historical data that are increasingly out of date." hard-coded Part 32 investment and expense data.<sup>39</sup> hard-coded zero entries for allocating sub-accounts among jurisdictions, 40 dial equipment minutes and "other factors . . . reported to be vintage 1994," 41 study area loop and work circuit miles that "may not have been updated since the CAP was developed," customer operations expense factors, the switching cost allocation factor, and other account allocations. 42 Of course, any factors that are hard coded in the CAP would not be affected by changes and shifts in traffic. However, to the extent that these factors are hard coded, the model results have been flawed at least since 1996, the year of the first Tariff 11 revision. The flaw identified by Alascom in its waiver filing is a flaw that has existed in the model all along. Indeed, all of the so-called Tariff 11 "revisions" filed based on a CAP with hard-coded factors may not have been revisions at all. Importantly, if the use of hard coding makes the CAP immune to changes in traffic, then it is not clear why the absence of eight months of traffic data would make it impossible for Alascom to file a tariff revision. It would seem that the CAP results could be produced without this data or, to the extent that traffic data is needed, by annualizing the data that is available.

In 1995, GCI requested, but was not allowed to see, the model which Alascom used to develop the CAP. GCI was concerned about the questionable results produced by the CAP—such as switching costs that vary within the same switch as if one minute of traffic over the same switch was somehow more expensive than another. GCI's request was opposed by Alascom

<sup>&</sup>lt;sup>38</sup> Klick/Murphy Declaration at ¶ 9.

<sup>39</sup> Id. at ¶ 14.

<sup>&</sup>lt;sup>40</sup> Id.

<sup>&</sup>lt;sup>41</sup> Id. at ¶ 30.

<sup>&</sup>lt;sup>42</sup> Based on this litany, it is difficult to discern if the CAP actually performs any calculation at all. <u>Id.</u>

with a ludicrous claim of competitive sensitivity.<sup>43</sup> Had GCI been allowed to review the model in 1995, defects like extensive hard coding,<sup>44</sup> would likely have been revealed at that time.

Alascom has used the CAP for seven years to calculate Tariff 11 rates. Now, outside experts engaged by Alascom to review the CAP say it is obsolete because of extensive hard coding of factors which one would expect to vary over time — including investment, expenses and dial equipment minutes. At Rather than perform the "CAP process," Alascom's experts would have the Commission approve shelving the CAP and starting over without letting the CAP see the light of day. Alascom advocates sweeping under the rug seven years of questionable Tariff 11 filings based upon a CAP that appears to have been rigged from the beginning.

GCI agrees that the CAP should be revisited. GCI has complained about the use of the CAP for eight years, and GCI was very skeptical about the CAP from the beginning, especially since Alascom resisted disclosing the underlying model to any outside parties, and even to AT&T until the sale of Alascom was closed. While GCI believes that the CAP should be revisited in the context of an activated Tariff 11 "proceeding", none of this justifies or excuses Alascom's attempt simply to disregard its Tariff 11 filing obligation. As urged above, Alascom should be fined for this conduct.

### III. REQUESTED RELIEF

Alascom is required under the terms of the <u>Market Structure Order</u> to offer common carrier services to interexchange carrier customers under tariff on a nondiscriminatory basis at

<sup>&</sup>lt;sup>43</sup> Competitive sensitivity justifying non-disclosure does not include a situation where a carrier does not want its competitor to "blow the whistle" with the regulator, yet that seems to be what Alascom was concerned about in this case.

<sup>44 &</sup>lt;u>See</u> nn.21-23, *supra*.

<sup>45</sup> See nn.18-20, *supra* 

<sup>&</sup>lt;sup>46</sup> The Tariff 11 rates produced by CAP do not follow any logical trend or pattern (See Exhibit 4, attached hereto).

rates that reflect its cost of service. The Commission further determined that this obligation could be fulfilled only through the filing of annual tariff revisions, permitting changes in costs to be reflected through routine tariff revisions. Yet, since the inception of Tariff 11, Alascom has apparently endeavored to produce precisely the outcome that the tariff filing requirement was designed to prevent — to subsidize service to non-Bush areas through above-cost rates for the Bush. The Alascom non-filing for 2003 reflects nothing more than a collapse of this house of cards. Under these circumstances, it is plain that the Commission should not grant the requested waiver, but must preserve and enforce the original intent of the Tariff 11 filing requirement.

A. The Commission Should Take Quick Action in the Waiver Proceeding to Preserve the Integrity of Tariff 11 by Denying the Waiver Petition, Imposing a Fine, and Requiring Alascom to Demonstrate Continued Compliance with the Market Structure Order

As GCI has demonstrated, the Commission must deny the requested waiver because

Alascom has failed to satisfy the requirements for a waiver. Though Alascom claims that "the

CAP model may not continue to function as anticipated," this is a matter to be determined by

the Commission with the participation of interested parties in the pending investigation of Tariff

11. It is not a matter to be resolved through a request to be relieved of the longstanding

obligation to revise the tariff annually, apparently because of a belated discovery that the costing

mechanism has been deficient from the beginning. And it is certainly not a matter to be resolved
through Alascom's unilateral determination that it would simply not produce the costing

mechanism results for 2003 or, perhaps even worse, make little or no effort to determine how to

produce such results — thereby avoiding scrutiny of the mechanism and its results at all.

Alascom claims that the current CAP model is "unduly resource intensive." Yet, as Mr. Leahy

points out, the process Alascom identifies of "weekly polling" and "transmittal of as many as 2

<sup>&</sup>lt;sup>47</sup> Waiver Petition at 10.

million individual call records a month to New Jersey" is inconsequential compared to AT&T's company-wide call records on a daily or even hourly basis. <sup>49</sup> This data collection is simply a standard requirement for any carrier that wishes to be paid for the traffic it carries. <sup>50</sup> To the extent that data may be stale or not yet collected, the solution is to update and collect the data, not abandon the tariff process, which is still needed in view of Alascom's facilities monopoly in the Bush.

Finally, neither Alascom nor its consultants have shown that there is any connection whatsoever between general "[s]ubstantial market place changes in the past ten years" and the facilities monopoly in the Bush market. Simply stated, the Alascom consultants mustered no more than suppositional claims that different types of calls "could affect" the assignment of expenses, that calls to calling card platforms "might actually double-count the minutes," that increasing cell phone usage "raises questions about the assumptions in the CAP for directly attributing certain expenses," but even then, only when cell-to-cell minutes "may appear on Alascom's network" — while at the same time acknowledging that they "may not." Finally, Alascom has offered no explanation of how abandoning the Commission's requirement of annual

<sup>&</sup>lt;sup>48</sup> Id.

<sup>&</sup>lt;sup>49</sup> Leahy Statement at 2. <u>See also Klick/Murphy Declaration at ¶ 28 ("AT&T transports approximately 365 million ling-distance calls per business day, which are stored on approximately 59 files per day to 30 systems.")</u>

To the extent that Alascom also complains about the "consolidation of call records into CLOC-by-CLOC summaries of traffic" (at 10), it chose to retain this "cost location code" methodology long after AT&T's acquisition of Alascom from Pacific Telecom, Inc. ("PTI"). See Klick/Murphy Declaration at n.4. It is axiomatic that a waiver from Commission requirements cannot be justified based on circumstances created and perpetuated by the carrier itself.

<sup>&</sup>lt;sup>51</sup> Waiver Petition at 11.

<sup>52</sup> Klick/Murphy Declaration at ¶¶ 17-18 (emphasis added). The consultants' assessment of the potential effect of VoIP, broadband service, and cable telephony minutes on "the degree to which the CAP is used by other market participants" (at ¶ 19) is every bit as equivocal and provides no record basis that would support grant of a waiver.

tariff revisions would provide for a "more effective implementation of overall policy" in the public interest. For these reasons, the Commission should deny the Waiver Petition.

Instead of granting a waiver, the Commission should impose a fine on Alascom for violation of the Market Structure Order and Section 61.58(e)(3) of the Commission's rules, document retention requirements, and cost allocation requirements. The Commission's rules unambiguously require that "Alascom, Inc. shall file its annual tariff revisions for its Common Carrier Services (Alascom Tariff F.C.C. No. 11) on at least 35 days' notice." Alascom violated this rule, and has been in continual violation of the rule, since November 27, 2002. The Commission's rules also require that toll billing records be maintained for 18 months. Alascom either admits that it has violated this rule when it claims to be without the traffic data necessary to perform the "CAP process," or Alascom does have access to this data, and simply has not undertaken to collect it as a means of avoiding review of the "CAP process" and its results for 2003. Either result constitutes a violation of Commission rules.

The Waiver Petition also indicates that Alascom may no longer be maintaining the required accounts pursuant to Sections 64.901 or 64.903, Part 32 or Part 36.<sup>55</sup> According to the Alascom consultant, "the model reports Part 32 balance sheet and expense data for all CLOC locations as hard-coded numbers . . . <sup>56</sup> It appears that much of the CAP data is hard-coded, such that if this data remained unchanged for many years, there would be no incentive to keep such account records for the purpose of making the annual revisions. By the same token, the Commission has little assurance that Alascom has also abided by the affiliate transaction rules

<sup>&</sup>lt;sup>53</sup> 47 C.F.R. § 61.58(e)(3).

<sup>&</sup>lt;sup>54</sup> 47 C.F.R. § 42.6. Alascom's Tariff 11 services fall within the category of billed toll services, as they were not detariffed along with the nondominant interstate interexchange services that are addressed by Section 42.11 of the rules.

<sup>55</sup> See Waiver Petition at 2 (citing Cost Allocation Plan, 10 FCC Rcd 4963 (1995)).

<sup>&</sup>lt;sup>56</sup> Klick/Murphy Declaration at ¶ 14.

(Section 32.27) to reflect that it too has purchased originating and terminating service under Tariff 11.<sup>57</sup> Though GCI suggested in its Opposition to the Alascom Statement that Alascom be required to confirm its compliance with the requisite regulatory cost accounting requirements, Alascom has offered no such assurances in its Waiver Petition. Thus, while the Waiver Petition fails to support the requested relief, it appears to provide ample support for the proposition that according to Alascom, it has been unable to perform the CAP process because it has failed to comply with these accounting requirements. The Commission should require Alascom to demonstrate its compliance with these requirements, and impose fines accordingly when this burden cannot be met.

Finally, the Commission must establish interim Tariff 11 rates to be effective immediately. Based on the absence of cost information provided by Alascom for the instant annual revision — and the dubious nature of cost information provided since 1995 — GCI is ill-equipped to recommend a specific rate level for any Tariff 11 element in the absence of a thorough investigation. However, it has been long-established that Alascom has no basis to charge different Bush and non-Bush rates for switching, when it uses the same switching facilities to serve the entire market. Thus, as an initial matter, the Commission should require that the switching rate be revised by averaging the existing Bush and non-Bush rate into a unified rate. As for the transport rates, there is little alternative at this time to maintaining the current rate until the Commission completes the investigation, which, based on the instant episode, is imperative.

<sup>&</sup>lt;sup>57</sup> The Commission should require AT&T to submit the journal entries showing how it has accounted for the purchase of Alascom's Tariff 11 services.

# B. The Commission Should Immediately Prosecute the Tariff 11 Investigation to Initialize Rates and Implement Price Cap Regulation for AT&T/Alascom

Alascom has significantly hampered the Commission's ability to establish revised annual Tariff 11 rates for 2003 by failing to carry out its responsibility to maintain the data needed for the CAP process. This waiver proceeding provides a clear signal that the long-pending Tariff 11 investigation must be immediately activated and prosecuted. As part of this proceeding, the Commission should order Alascom to provide immediately to all parties (under a protective order if necessary) the model and all other information and materials used to develop the CAP as well as all inputs, and any other data necessary to determine Alascom's costs of providing Tariff 11 services. Finally, the Commission should set a definitive procedural schedule leading to an expedited resolution of the Tariff 11 investigation.

Upon the completion of the investigation and CAP review, initial rates may be set so that Alascom could then be permitted to file the tariff under price cap regulation. GCI notes that in the Alascom Transfer Order, AT&T and Alascom expressly sought the Commission's approval for waiver of Section 61.41(c) (the "all or nothing" rule) to allow Alascom to file rate-of-return based tariffs for its interstate interexchange transport and switching services, which the Commission granted. In an effort to avoid a repeat of the instant filing fiasco and extended delay in completing the related tariff investigation, however, GCI would have no objection at this point to Alascom maintaining Tariff 11 under a price cap methodology on a going forward basis, so long as the capped rates are set following Commission completion of the pending investigation. After that time, the rates would be reduced annually in a manner and measure consistent with price cap regulation. This approach will relieve Alascom of the claimed burdens of ratemaking while maintaining the tariff filing requirements that are necessary for cost-based

<sup>&</sup>lt;sup>58</sup> Alascom Transfer Order, 11 FCC Rcd at 742.

service throughout the Alaska market. Finally, once the tariff investigation is completed, the refund due to GCI under the seven-plus year accounting order should be paid expeditiously.

### IV. <u>CONCLUSION</u>

For these reasons, the Commission should deny the Waiver Petition and take such further action as described herein.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I, Colleen A. Mulholland, do hereby certify that a copy of the foregoing General Communication, Inc. Opposition to Petition for Waiver was send as indicated this 5<sup>th</sup> day of February, 2002, to the following parties:

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Colleen A Mulholland



#### ALASCOM-ONLY NETWORK SITES

**AKHIOK AKIACHAK AKIAK ALAKANUK ALITAK** ALLAKAKET **ANGOON ANIAK ANVIK ARCTIC VLG ATKA ATMAUTLUAK BEAVER BETTLES BIRCHCREEK BLK RAPIDS BORDERCITY CANTWELL** CAPE POLE CENTRAL **CHALKYITSK CHANDALAR CHAUTHBALK CHEFORNAK CHENA CHENEGABAY CHEVAK CHISANA CHITINA CIRCLE CLEARYSMMT COFFMAN CV** COLDFOOT **COOPER LDG** COUNCIL **CPLSBRNAFS CPNEWENAFS CPRMANZAFS** CROOKEDCRK **DOT LAKE DRYCREEK EAGLE EARECKSON EDNA BAY EEK EGEGIK EKUK ELFINCOVE EMMONAK ENGLISHBAY EXCUSNINLT FORT YUKON GALENA GALENA AFS GAMBELL GOODNEWSBY GRAYLING GRNCRKMINE** HALIBUT CV **HEALY LAKE HOBART BAY HOLY CROSS HOOPER BAY** HUGHES **HUSLIA HYDABURG** 

**IGIUGIG INDINMTAFS IVANOFFBAY JIMRIVCAMP** KAKE **KAKHONAK KALSKAG KALTAG KANTISHNA KARLUK** KASAAN **KASIGLUK KAZAKOFBAY KIPNUK KLUKWAN KONGIGANAK KOTLIK** KOYUKUK **KWETHLUK KWIGILLNGK** LARSEN BAY LIME VLG **LIVENGOOD** LTLDIOMEDE **MANLYHTSPG MANOKOTAK MCCARTHY MEKORYUK MENTASTA MESHIK ANNETTE MINCHUMINA MINTO MOUNTANVLG MYERSCHUCK** NAPAKIAK **NAPASKIAK** 

**NAUKATI** 

**NENANA** 

**NEWTOK** 

**NIKOLAI** 

**NULATO** 

OLIKTOK

**OUZINKIE** 

**PELICAN** 

PILOT STA

**PLATINUM** 

**POINTBAKER** 

PORT BAILY

**PORT LIONS** 

PT PROTECT

**PTALEXANDR** 

**PTALSWORTH** 

QUINHAGAK

**PTMOLLER** 

RAMPART

**RED DEVIL** 

RESTORAL

**ROWAN BAY** 

**PORTGRAHAM** 

PEDRO BAY

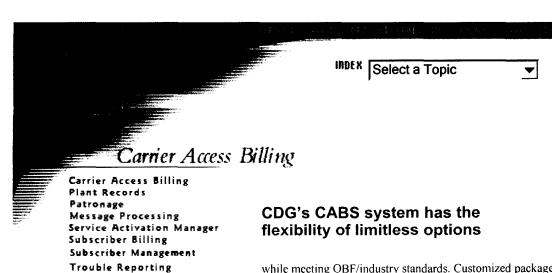
NIKOLSKI NORTHWAY

**NIGHTMUTE** 

NUNAPTCHUK OLD HARBOR

**RUBY** RUSSINMSSN SAG RIVER **SAVOONGA SCAMMONBAY SHAGELUK** SHELDON PT **SLEETMUTE SPAREHNAFS** ST GEORGE ST MARYS ST PAUL **STEVENSVLG STONYRIVER** SUMMITLAKE **TAKOTNA TANANA TATALINAFS TATITLEK TELIDA TENAKEESPG TETLIN** THORNE BAY **TINCITYAFS TOKSOOKBAY TULUKSAK** TUNTUTULIK **TUNUNAK** TWIN HILLS **TYONEK VALDEZCRK** VENETIE WHALE PASS WHITE MT WHITTIER YUKON CAMP

# **EXHIBIT 2**



while meeting OBF/industry standards. Customized packages allow users the option of assigning company specific account codes for journalizing.

This comprehensive system design provides audit trails for tracking messages and minutes. CDG offers **In-house**, **Online** and **Service Bureau** processing options. This provides customers with the ability to migrate through these options, depending upon their staff's expertise and available resources.

#### Features:

- Menu-driven
- Date sensitive
- Multiple billing outputs
- C-BOS industry standard bill format
- Customization available
- Flexibility through modular design
- Meet-Point Billing options for:
  - -All carriers
  - -Traffic Types
  - -Jurisdictions
  - -Tariffs

#### **Operating Platforms**

- RS/6000
- AS/400
- IBM Mainframe
- HP 9000

### Reporting

Administrative summaries are automatically produced as part of the

CABS process. This system provides valuable audit trails and bill verification information, as well as monthly summaries and administrative reports, including:

- Journalization reports
- System-generated reports
- Licensee User report
- Detailed AR reports

### **Request more Information**



	EXHIBIT 3	
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## STATEMENT OF JOHN LEAHY

Overview

1

2

3	Alascom, Inc. has petitioned the FCC to grant it a waiver of the requirement to
4	file an annual revision of its Tariff FCC No.11 rates. Alascom claims it cannot calculate
5	the rate revisions for 2003 because it did not collect certain traffic data between October
6	2001 and July 2002. Apparently Alascom does have the relevant traffic data from July
7	2002 forward.
8	Alascom also argues that the current Cost Allocation Plan ("CAP") used to
9	compute Tariff 11 rates is out of date and that collecting the information needed for the
10	CAP is resource intensive. Neither of these arguments however bears on Alascom's
11	ability to perform the calculations needed for its current tariff revision. Because the only
12	problem identified by Alascom relating to its ability to calculate rates for the current tariff
13	revision is the lack of certain traffic data. I will address here only the matter of how the
14	necessary data might be obtained.
15	Call Detail Records
16	Alascom maintains that it could not produce the data for the months of October
17	2001 through July 2002 because the only employee who was able to perform this
18	function retired in October 2001. Alascom could not find anyone else with the required
19	skills and the employee was rehired in July 2002. Alascom also contends that data from
20	past periods cannot be "feasibly retrieved." (Klick/Murphy ¶ 9)
21	Telephone switches of the type employed by AT&T in Alaska produce Call Detail
22	Records ("CDRs"). An analyst does not need to be concerned how the data is created and



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stored, but rather with how to manipulate the resulting call detail records. Whether or not
a particular type of switch uses AMA CDR or ASCII CDR formatting is not as important
as the fact that Call Detail Records are produced.

Call Detail Records employ a standard type of format. All records include mandatory fields such as the connect date, connect time, elapsed time, source address, and destination address. The timing and duration elements of the CDRs can be used to measure minutes and categorize the call by time of day. The source address and/or destination address can be used to identify the location of the call and should facilitate the allocation of traffic to the appropriate CLOC.

### Call Detail Record Analysis

Alascom suggests that it is overly burdensome to analyze 2 million call records per month to produce the data needed for the model. (Klick/Murphy, ¶ 22). In a recent assignment, CMS analyzed an average of 23.6 million Call Detail Records per month over a 22-month period, or a total of 520 million Call Detail Records in total. While such a large amount of data does present challenges in its manipulation, it can be done expeditiously. Certainly, the manipulation of 2 million records per month would not present any serious obstacles and can hardly be construed as burdensome, particularly to AT&T, who processes 365 million call records per day. (Klick/Murphy ¶ 28).

Alascom indicates that when the employee retired no other AT&T personnel were sufficiently knowledgeable to obtain the data. (Klick/Murphy ¶ 22). The input traffic data required by the CAP is likely a summary of the individual Call Detail Records. Call Detail Records can be grouped, or summarized, on one or more data elements. For



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1 instance if a particular telephone number made 30 calls over the course of the month, 2 those 30 records can be reduced to one by summing the minutes, counting the calls (in 3 this case, 30) and attributing the traffic to a single phone number. This is an extremely 4 simple query that someone with a basic acquaintance with database systems has mastered 5 and requires adequate, but not necessarily, excellent computer skills. In addition, there 6 are many small, qualified consultancies that are capable of performing this activity on an 7 outsourced basis at a reasonable cost. 8 Alascom suggests that it is burdensome to perform the checks necessary to ensure 9 data integrity (Klick/Murphy ¶ 22). Data integrity of Call Detail Records is assured by 10 testing the records against certain parameters determined in advance. For instance, perhaps all originating calls must have an NPA of "907" or all zero minute calls are to be 11 12 excluded. The analyst does not need to be involved in the determination of the 13 parameters, but rather their enforcement against the data set. 14 Archival of Call Detail Records 15 Alascom states that because the necessary data was not collected on a real time basis, it is now effectively lost (Klick/Murphy ¶ 28). All of the major carriers archive 16 their Call Detail Records for a period of time, including AT&T. This permits a carrier to 17 examine past data for a variety of purposes, including resolving billing issues. My 18 understanding is that the data exists; it has not been purged. Although the amount of data 19 is large, it can be accessed by screening for certain information in the Call Detail Records 20 such as originating and/or terminating NPA, dates and other fields. 21



1	Alternatively, I understand that Alascom uses a billing agent, CDG, to bill its
2	Tariff 11 charges. To perform this function CDG must receive Call Detail Records from
3	Alascom. CDG should have these Call Detail Records for the Alaska traffic only. This
4	would make access to the information easier still. Alascom does not state whether it has
5	attempted to obtain the necessary records from CDG.
6	Conclusions
7	Developing the traffic data for the CAP model should not be unduly resource
8	intensive.
9	First, the Call Detail Records exist, apparently both within the AT&T archives
10	and with Alascom's billing agent CDG. Consequently, the data can be retrieved and
11	analyzed.
12	Second, although there may be millions of Call Detail Records, each one has the
13	same layout. There is but one type of table to examine. Extracting the required
14	information should not be particularly difficult.
15	Finally, the skills necessary to accomplish this task are not specialized or unique.
16	Data base administrators, whether employed directly by AT&T, Alascom or obtained
17	through outsourcing, are able to accomplish this task cost effectively.
18	
19	By: /s/ John H. Leahy, Jr.
20	John H. Leahy, Jr.
21	President

